

BEFORE THE  
POSTAL REGULATORY COMMISSION  
WASHINGTON DC 20268-0001

REVIEW OF NONPOSTAL SERVICES      )  
  )  
  )      Docket No. MC2008-1

**REBUTTAL STATEMENT**  
**OF**  
**ADAM GROSSMAN**  
**ON BEHALF OF**  
**EPOSTMARKS, INC.**

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**REBUTTAL STATEMENT OF  
ADAM GROSSMAN  
ON BEHALF OF  
EPOSTMARKS, INC.**

**I. INTRODUCTION**

1. My name is Adam Grossman. I am Founder, President, and Chairman of Epostmarks, Inc., a privately held company that offers an application that uses electronic postmarks within email.

2. I submitted a statement in this case on July 30, 2008. In that statement, I explained why allowing the Postal Service to continue providing the electronic postmark is justified by the statutory factors of 39 U.S.C. § 404(c)(3): “(A) the public need for the service; and (B) the ability of the private sector to meet the public need for the service”. There is in fact a public need for the USPS-branded version of the electronic postmark, and this need cannot be met by any private sector participant. My July 30 statement is consistent with the June 23 statement of USPS witness Thomas J. Foti, the July 30 statement of Stamps.com (at p. 4), and the reply statement filed earlier today by Microsoft Corp. witness Maxim Lesur.

3. The only dissenting statement is the July 30 statement of DigiStamp Inc. witness Rick Borgers. Mr. Borgers, while acknowledging the public need for the EPM service, asserts that the USPS is the wrong entity to meet the need. In the balance of this reply statement, I explain why Mr. Borgers is mistaken.

**II. MR BORGERS' STATEMENT DISPROVES NEITHER THE PUBLIC NEED FOR THE ELECTRONIC POSTMARK NOR THE INABILITY OF THE PRIVATE SECTOR TO MEET THAT NEED.**

**A. The Unique Value of the EPM Inheres Not In Its Time Stamp, But In the Brand Name and Enforcement Powers of the Postal Service That Stand Behind the EPM.**

4. Mr. Borgers' belief that private sector products can substitute for the Postal Service EPM rests on a fundamental misunderstanding of what is so valuable about the EPM. Mr. Borgers believes that the critical component of the EPM is its digital time stamp: "I state emphatically that there is a strong public need for time/date stamp products." Borgers at p. 4, lines 1-2. "I agree with the USPS that there is public need for a secure digital time stamp." *Id.* at p. 5, line 9.

5. Mr. Borgers' belief in the paramount importance of digital time stamps is undoubtedly sincere. He appears to be a technologist with a passion for digital time stamp technology. He has built a business, DigiStamp, on a digital timestamping service based upon a public standard. The website for his company describes a primary value of its service as its power to "off-load[ ] from you, the end-user, the management of a trusted server and trusted site. We allow you to outsource the difficult stuff, without putting undue burden on your internal IT resources as well as without encumbering your staff with the need to manage and maintain a complex server site." See [www.digistamp.com/faqDGS.htm#service](http://www.digistamp.com/faqDGS.htm#service).

6. Digital time stamps are undoubtedly important, however, they are not the missing link needed by the public. Time stamps are widely available and easy to implement. A standards-based service like the digital time stamp provided by DigiStamp is actually straightforward to provide; it is essentially akin to receiving a free

instruction manual. The unique value of the EPM lies elsewhere: in the ability to provide a trusted online environment where the public can feel safe and protected.

7. In a backhanded way, even Mr. Borgers acknowledges that the USPS has the brand trust and enforcement powers needed to create this trust. In a letter addressed to unnamed members of Congress in February 2004, Mr. Borgers acknowledged that “I don’t have the implied legal standing and governmental backing of the USPS, not to mention their sales pitch of federal postal inspectors and special federal laws backing them.” [www.digistamp.com/epm/docsSave/letter%20to%20representatives.pdf](http://www.digistamp.com/epm/docsSave/letter%20to%20representatives.pdf). This observation is precisely the point.

8. Mr. Borgers’s quotation from the description of the EPM on the UPU website is in the same vein:

The digital postmark service is an advanced authentication service, providing secure non-repudiation of transactions. Posts have always been trusted third parties for the secure movement of physical items backed by legislation, regulations and operational capability in every country of the world. This same trust is being transposed to the electronic world.

Borgers at 14, lines 20-24. The current EPM system does exactly this.

9. Mr. Borgers tries to brush off the value of these assets on the theory that the Postal Service cannot be trusted to deploy them. He asserts that:

My understanding of the USPS business plan is this: The USPS plans to leverage their nebulous commitment to the customer of “backed by the federal government” into a market advantage entrée into the e-commerce business. Fine, leverage your brand name, but not by implying some federal backing which the USPS has no intention of providing for the benefit of EPM customers.

Borgers Statement at p. 6, lines 20-24. There is “Moral Risk in trusting the USPS,” he adds (*id.* at p. 12, lines 22, 24).

10. The Postal Service’s commitment to the security of the communications of its customers and the public, however, is strong, and strongly recognized. In 2007, the Postal Service was rated one of the ten most trusted organizations in the nation, both public and private. According to the 2007 Roper Poll, the Postal Service was also the most trusted government agency—a ranking that the Postal Service has held for ten years.<sup>1</sup> On April 7, 2008, the Ponemon Institute found that the Postal Service was ranked first among 74 federal agencies as the agency best able to keep consumer information safe and secure. The Postal Service has increased its privacy trust score every year since the survey began four years ago.<sup>2</sup>

11. In my experience, the USPS has unambiguously affirmed its intent to enforce misuse of its brand or any other fraudulent use of the EPM. I attended the same meeting where Mr. Borgers claimed that USPS was evasive on this subject (Borgers at p. 20, lines 14-15) but remember the discussion very differently than he does. I recall hearing Mr. Foti specifically mention a USPIS (U.S. Postal Inspection Service) liaison as part of the program. I have been informed of the strong support from the USPIS for the EPM program. Once the current legal cloud over the EPM is

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<sup>1</sup> Statement Of Postmaster General/CEO John E. Potter Before The Subcommittee On Federal Financial Management, Government Information, Federal Services, And International Security Of The Committee On Homeland Security And Governmental Affairs, United States Senate, Washington, DC, March 5, 2008 (downloaded from [http://www.usps.com/communications/newsroom/testimony/2008/pr08\\_pmg0305.htm](http://www.usps.com/communications/newsroom/testimony/2008/pr08_pmg0305.htm)).

<sup>2</sup> See USPS Press Release, *U.S. Postal Service Again Honored as ‘Most Trusted’* (Apr. 7, 2008), avail. at [www.usps.com/communications/newsroom/2008/pr08\\_033.htm](http://www.usps.com/communications/newsroom/2008/pr08_033.htm) (April 29, 2008).

removed, I have every reason to believe that the development and licensing of EPM will proceed rapidly.

12. Mr. Borgers' claims about the capabilities of private industry to meet the public need are tainted by his misunderstanding of that need. His claim that the private sector can meet the public need rests on the assumption that the need is for timestamps, not the trusted brand name and enforcement powers embodied in a USPS-protected EPM. His reasons for wanting USPS out of the market are: USPS is too good of a competitor, and USPS isn't capable of technical management so NIST should do it instead.

**B. The USPS does not Threaten Private Competition.**

13. After arguing that the Postal Service brings nothing particularly attractive to the table, Mr. Borgers suggests in the alternative that the EPM is so uniquely attractive that it "sucks up all of the oxygen and leaves small time/date stamp companies like DigiStamp barely able to survive." Borgers at p. 4, lines 19-20. This claim is as unfounded as it is self-contradictory.

14. If USPS is sucking up all the oxygen, this is hardly apparent from the perspective of revenues. The Postal Service revenue ledger entries for the Electronic Postmark program (General Ledger Account No. 44043.108) show Postal Service revenue for the Electronic Postmark program of \$225,000 in FY 2006 and \$135,000 in FY 2007. Initial Response of the United States Postal Service to Order No. 74 (June 9, 2008) at 11, lines 32-34..

15. Additionally, the Postal Service managed to sell these EPMs at prices from 150% to nearly 6000% higher than the prices at which DigiStamps offers its time stamps. A price disparity of this magnitude implies that DigiStamp and the EPM effectively operate in different (although adjacent) market segments, and are not close competitors.

16. Finally, the notion that the “USPS EPM stifles competition and the innovation that it stimulates” (Borgers at p. 5, lines 13-14) is backwards. By creating a technology platform and the public/private partnerships necessary to develop applications for it, the USPS is incubating, not suppressing, innovation and competition. Numerous companies—from small companies like Epostmarks to enormous market leaders like Microsoft—have benefitted from the involvement of the USPS. Without the Postal Service’s participation, this fledgling industry segment would likely suffer extinction.

**C. USPS has Demonstrated its Technical Capacity to Provide EPM Service.**

17. Mr. Borgers’ claims that “the Postal Service lacks the technical expertise in-house to establish such certifications standards” (Borgers at 4, lines 13-14) is equally wide of the mark. The USPS has a strong history of advancing technology used in the marketplace. For example, consider the technical management of the PC Postage initiative.

18. Interestingly enough, PC Postage providers have a secure electronic timestamp built into their applications already. Providing Information Based Indicia, the foundation of PC Postage, requires a system that includes secure timeservers. USPS



has been successfully offering PC Postage, including secure time stamps, for over 10 years.

**D. The National Institute of Standards and Technology (“NIST”) is not a Viable Private Sector Alternative to the USPS.**

19. Mr. Borgers’ claim that role of USPS is unnecessary because a “government agency like the National Institute of Standards and Technology (NIST) is in a better position to collaborate with industry” (Borgers at 6, lines 12-14) is also without merit. First, NIST is not a viable alternative to the USPS for EPM. The NIST brand name is completely unfamiliar to most of the general public, and NIST lacks the enforcement powers of the USPS.

20. Even if NIST were a viable alternative to the Postal Service—which it is not—that fact would not justify termination of the USPS EPM under 39 U.S.C. § 404. The statute asks the Commission to decide whether there is a viable *private sector* substitute for the provision of each non-postal service. NIST, however, is a public sector entity. Its involvement underscores the inability of the private sector to meet the public need alone. And Congress, in enacting Section 404, did not ask the Commission to undertake a comparative ranking of the various branches of the federal government that have a role in the EPM and related matters.

**III. MR BORGERS’ CLAIM THAT FUTURE BENEFITS OF UPU SUPPORT ARE UNCLEAR BETRAYS A FUNDAMENTAL MISUNDERSTANDING OF THE NATURE OF THE EPM.**

21. In regard to participating in the EPM from an international perspective with the Universal Postal Union (“UPU”), Mr. Borgers describes his uncertainty (Borgers

at 15, line 16), desire for more information (*id.* at 14, line 10), and dismay about the complexity of the subject (*id.* at 15, line 3). He also displays again his clear misunderstanding of the EPM value by suggesting that the business functions satisfied by the EPM are not offered today (*id.* at 15, line 9-10).

22. The Universal Postal Union is a specialized agency of the United Nations. The primary responsibility of the UPU is to formulate, coordinate, and oversee the international interchange of mail, and the rates and fees charged by national postal operators for international mail and related services. The representative of the United States at the UPU is the Department of State. See [http://www.usps.com/strategicplanning/cs04/chp2\\_007.html](http://www.usps.com/strategicplanning/cs04/chp2_007.html). One of the biggest accomplishments of the UPU since 1874 has been its role in facilitating the development of new products and services by member countries and the integration of those products and services into the international postal network. See [www.upu.int/faq/en/upu\\_bodies/what\\_is\\_the\\_importance\\_of\\_the\\_universal\\_postal\\_congress.html](http://www.upu.int/faq/en/upu_bodies/what_is_the_importance_of_the_universal_postal_congress.html). “To date, over 100 technical standards have been developed by the UPU.” See [http://www.upu.int/faq/en/upu\\_activities/what\\_are\\_technical\\_standards\\_and\\_how\\_are\\_they\\_set.html](http://www.upu.int/faq/en/upu_activities/what_are_technical_standards_and_how_are_they_set.html).

23. Mr. Borgers’ statement that “The UPU standard [for EPMs] has not been selected by free market systems for use by either private industry or the public in general” (Borgers Statement at 15, lines 6-8), while true, is beside the point. The S43 standard was not established by the UPU for “private industry” or “the public in general”: it was designed by national postal operators for use by national postal operators. Mr.

Borgers' assertion that NIST is in a better position to collaborate reflects a fundamental misunderstanding of this type of international treaty requirement.

24. Mr. Borgers' claim that the "current USPS EPM program does not currently provide support for the Universal Postal Union (UPU) electronic postmark" (Borgers at 14) also misses the point. The USPS EPM is a platform that enables *private developers* of EPM like Epostmarks to offer electronic postmarks that comply with the UPU standard. The product that Epostmarks is the process of licensing would do just that.

#### **IV. THE ELECTRONIC POSTMARK SERVICE OFFERED BY THE POSTAL SERVICE EXISTED PRIOR TO JANUARY 1, 2006.**

25. Mr. Borgers claims that the Commission lacks legal authority to grandfather the continuation of the EMP because "Events under the new USPS EPM program started October 2006" (Page 19, Line 4), and the service currently offered by USPS has changed so greatly since Jan. 1, 2006, that it is no longer the same service. The statements and evidence offered by Mr. Borgers, however, refute this claim. He describes a USPS sponsored industry meeting where the following question was asked "Is the USPS going to invest in developing this program?" The USPS answer was "no, little, we have already spent lots of money on this program." Borgers at 20, lines 8-10. In other words, the USPS planned to maintain the existing EPM program.

26. New business arrangements for the EPM have made it easier for additional partners to participate, but have not fundamentally altered the service for its customers. And the technology behind the service has not changed at all. As a customer, my company can buy the same EPM, with the same account and the same

software as in 2005. The only difference is we now do so through a new customer agreement with Authentidate instead of with the USPS.

27. Mr. Borgers' own statement repeatedly acknowledges that the technology and functionality of the EPM service have not changed. Page 23, line 3 of his Statement, for example, acknowledges that "The new business model for EPM involves a branding and licensing agreement, which allows for **continuation of the service without disruption.**" *Id.* at 23, lines 21-23 (bold type face added in Mr. Borgers' original). He then goes on to say "The truth is the new EPM program ... needed to approve Authentidate simply to *maintain the service operations.*" *Id.* at 23, lines 3-6 (emphasis added). Finally, he summarizes the USPS decision to replace the strategic alliance agreement with a branding and licensing agreement in the following terms: "A more accurate description is that the USPS has *continued the old program with a new method for collecting fees* from the EPM user." *Id.* at 27, lines 13-14 (emphasis added).

**V. MR BORGERS' LITANY OF THE DIFFICULTIES OF COLLABORATING WITH THE USPS IS IRRELEVANT TO THE ISSUES BEFORE THE COMMISSION.**

28. The bulk of Mr. Borgers' statement—including three appendixes of e-mail correspondence and other supporting documents—is a recital of his asserted difficulties in obtaining a license from the Postal Service. This history is undoubtedly of great interest to Mr. Borgers, but it has no bearing on the issues before the Commission in this case.

29. I readily concede that USPS is not easiest organization to work with. As the largest civilian employer in the world, the Postal Service changes slowly, especially

for relatively small services. To a large extent, however, Mr. Borgers appears responsible for his own predicament by failing to make diligent efforts to partner with the USPS. A contrast of his company's actions with those of Epostmarks below highlights the half-hearted and episodic nature of DigiStamps' efforts.

30. In addition, the sluggishness of the USPS appears to be due in large part to the regulatory uncertainty hanging over the EPM. Removal of this legal cloud should encourage the USPS to be a much more responsive and resourceful business partner. If this fails to happen, we assure the Commission that we will be back to raise the issue in the more appropriate form of a complaint instead of this statutory mail classification hearing.

**A. DigiStamp has Failed to Engage The USPS in a Collaborative Effort.**

31. Collaboration requires working together with others, and all parties must participate. Epostmarks has a long history of collaboration with USPS. For three members of our management team, this is the second project undertaken with the USPS in the electronic realm. By contrast, Mr. Borgers' notion of collaboration appears to consist largely of litigation and threatened litigation. DigiStamp has spent most of the past four years in on-and-off litigation against the USPS, from Digistamps' 2004 complaint in Docket C2004-2, through the saber rattling in Mr. Borgers' statement that "time is running out to license DigiStamp prior to my July 30 testimony" (at page 33, Line 10-11).

32. The 30 emails attached to Mr. Borgers statement, and the 2 phone calls and single face-to-face meeting with USPS suggested by the statement over the past

year and a half are hardly evidence of a good faith collaborative effort. Licensing a product as complex as the EPM, with an organization as large and dispersed as the Postal Service, in a regulatory environment as unsettled as the present environment, clearly requires a more serious commitment. Epostmarks, a relatively small startup company, has participated in at least 67 face-to-face meetings, 211 phone calls, and 397 emails with the USPS over the past three years.

33. Mr. Foti's testimony in this case underscores the two-way nature of the collaboration between the industry and the Postal Service. His testimony states that firms in the private sector had requested continued participation by the Postal Service in the EPM, and that the key public need factors for the EPM are (a) the continued existence of a trusted-third party to whom consumers could hold to a higher criterion for legal support against fraud; (b) for a certification process that places all licensed providers on a higher but equal technology footing; and (c) a rational fee structure that was not burdensome on fledging industry providers and their unique specialties and offerings. Foti at 5, lines 21-26. These were not the Postal Service's original views: the Postal Service reached them only as a result of its collaborative meetings and other communications with the private sector.

34. Mr. Borgers' further claim that the lack of "participation by USPS in the IETF development of time/date stamp standards reinforces my recollection that the Postal Service was absent from these important developments" (Borgers at 18, lines 7-9) merely underscores his disengagement from the collaborative process. The Postal Service channeled its collaborative efforts into the development of UPU standard S43. Mr. Borgers' conclusion that "the USPS was not a significant contributor to the

development of the methods that define the digital time stamp” (Borgers at 18, lines 19-20) simply overlooks the Postal Service’s participation in defining the UPU standard S43.

**B. Mr. Borgers Claims There is No Certification Process**

35. Mr. Borgers’ claim that “the new certification process” promised by the Postal Service “does not exist at this point in time” (Borgers Statement at 22, lines 13-14) is also unfounded. I am aware that Authentidate recertified its RFC 3161 compliant system (the same type of system offered by DigiStamp) by undertaking the cumbersome and expensive AS805a process. I understand that this process costs multiple hundreds of thousands of dollars.

36. As part of our collaborative effort with USPS, however, Epostmarks offered to pilot a new certification process that would be less costly and burdensome. This would fit the USPS’s stated goal of a rational fee structure that was not burdensome on fledging industry providers. Foti at 5, lines 24-26. We suggested starting with the S43 standard because it was gaining adoption within the postal industry internationally. The Postal Service accepted our suggestion, and the certification process for our company is on the road to completion.

**C. USPS As A Regulator**

37. Mr. Borgers repeatedly asserts that the USPS is “[t]aking on the role of regulator of the time/date stamp industry” (Borgers at 6, line 3), and “private sector companies that offer time/date stamp products” (*id.* at 4, line 10) or “future UPU public

service needs; that is, regulator of “Secure Document Exchange” for the public and industry” (*id.* at 15, line 23-24).

38. Even a moment’s thought refutes this claim. The USPS has absolutely no power to regulate the UPU, the time/date stamp industry, or the private sector companies that offer time/date stamp products, and absolutely no capability to regulate secure document exchange. Many people have fought very hard to keep regulation out of these types of industries. That is why USPS is the perfect organization to offer the EPM platform because it can create a more trusted environment for those who choose to participate in it. By licensing to companies like Epostmarks, USPS will ensure appropriate behavior within that environment, but that is a far cry from the regulatory role that Mr. Borgers portrays.



## APPENDIX A

### A. Published Prices of DigiStamp and AuthentiDate

Volume	DigiStamp	Authentidate	EPM Price Premium
10,000,000	\$ 0.002	\$ 0.100	5882%
1,000,000	\$ 0.017	\$ 0.200	1176%
100,000	\$ 0.150	\$ 0.300	200%
10,000	\$ 0.260	\$ 0.400	154%
1,000	\$ 0.320	\$ 0.500	156%
100	\$ 0.400	\$ 0.600	150%
25	\$ 0.400	\$ 0.700	175%

### B. Screen Capture from <http://www.digistamp.com/faqDGS.htm#service>

#### ► Why sell a service instead of a product?

DigiStamp's pay-as-you-go transactional pricing off-loads from you, the end-user, the management of a trusted server and trusted site. We allow you to outsource the difficult stuff, without putting undue burden on your internal IT resources as well as without encumbering your staff with the need to manage and maintain a complex server site.

DigiStamp puts its energy into ensuring reliable performance in its trusted sites, updating the technology and systems as required. DigiStamp keeps pace with the ever-increasing computing advances that threaten cryptographic solutions. DigiStamp's services put the burden on DigiStamp to maintain the technological edge in the complex field of cryptography. Why should you? Our volume pricing makes the DigiStamp service the better value.

### C. Screen Capture from [http://www.upu.int/faq/en/upu\\_activities/what\\_are\\_technical\\_standards\\_and\\_how\\_are\\_they\\_set.html](http://www.upu.int/faq/en/upu_activities/what_are_technical_standards_and_how_are_they_set.html)

#### ■ What are technical standards and how are they set?

Standards are important prerequisites for effective postal operations and for interconnecting the global postal network. The UPU's Standards Board develops and maintains a growing number of technical standards to improve the exchange of postal-related information between Posts, and promotes the compatibility of UPU and international postal initiatives. It works closely with Posts, customers, suppliers and other partners, including international organizations such as the International Air Transport Association and the World Customs Organization. The Standards Board ensures that consistent standards are developed in areas such as electronic data interchange, mail encoding, postal forms and postmarking. This information is published and is available to the general public. To date, over 100 technical standards have been developed by the UPU.

The UPU's open approach to the development of postal standards allows all stakeholders in the postal industry to participate actively in the standards development process.

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**D. Screen Capture from**  
[http://www.usps.com/strategicplanning/cs04/chp2\\_007.html](http://www.usps.com/strategicplanning/cs04/chp2_007.html)

*Chapter 2*  
*postal operations*

**6. Product Redesign**

In 2004 Product Redesign efforts continued to focus on improving the value/cost relationship of the Postal Service's core products, in particular Periodicals and Standard Mail flats and address quality. Product Redesign seeks to increase value through changes in rate structures and preparation that reduce combined mailer and postal costs. Most changes will require PRC approval and are being assessed for inclusion in the next omnibus rate case. However, one change in preparation that helps reduce overall mail processing costs was implemented in 2004 within the current Domestic Mail Classification Schedule. The required 5-digit bundle minimum for lightweight flats likely to be processed on the Automated Flats Sorting Machine (AFSM) 100 was raised from 10 to 15 pieces resulting in cost savings.

A major study was conducted of address quality-related reasons that cause mail to be undeliverable. The study will provide comprehensive information on the volume, characteristics, and costs of this mail and on addressing deficiencies by class of mail and applicable mail processing category. These data will be used to assess proposals for improved address quality, such as those developed in the Mailing Industry Task Force and Product Redesign address quality workgroups. The results of the study will be available in early 2005.

Extensive modeling of costs associated with processing Standard Mail and Periodicals flats was completed. The research will allow the Postal Service to understand the impact of revised Periodicals and Standard Mail flats rate structures on mail preparation and Postal Service costs by determining what changes, if any, mailers make to mail preparation and entry. This information will be used in deciding how this rate structure may be incorporated in the next omnibus rate case. Interviews of Standard Mail and Periodicals mailers and the research findings will be completed in early 2005.

**C. International Mail**

**1. Volume and Revenue**

Due to product enhancements, improved economic conditions, and rate stability, international mail revenue increased by 6.9 percent in 2004, compared to the preceding year. Associated piece volume increased by 4.8 percent and piece weight by 7.3 percent. No rate adjustments were implemented.

**2. Improving Global Express Mail and Global Air Parcel Post Services**

The Postal Service continues a multiyear process of improving reliability and features of its expedited and package service offerings. Global Express Guaranteed (GXG), the premium, time-definite, guaranteed retail service, continued to grow. International delivery for GXG was contracted from DHL to FedEx in March 2004 and FedEx began service with the Postal Service on July 1, 2004.

In addition the Postal Service has furthered its efforts to transform its existing Global Express Mail and Global Air Parcel Post services into more reliable services featuring date-specific delivery and focusing on the most important geographic segments of the market. These efforts have resulted in revenue growth of 17.1 percent and 11.8 percent, respectively, in 2004.

These positive results have been effected through the efforts of the Postal Service and a select group of Asian posts embarked on an initiative to work collaboratively to increase service performance quality to industry standard levels, including commitments to perform mandatory scanning and improve postal operations efficiencies. Rapid improvements have already been achieved by the Postal Service and its Asian partners.

**3. State Department Coordination/UPU Congress**

The Postal Service worked with the U.S. Department of State, which since October 1998 has had the primary responsibility to formulate, coordinate, and oversee policy with respect to U.S. representation in the Universal Postal Union (UPU), to prepare for the 23rd UPU Congress, held September 15 to October 5, 2004 in Bucharest, Romania. The Postal Service analyzed 760 proposals introduced by the United States and other countries in coordination with the Department of State and other federal agencies. A primary U.S. policy goal has been to promote more openness and transparency in the UPU and to formalize participation of private-sector stakeholder organizations in UPU meetings. The creation of a private-sector Consultative Committee was proposed and adopted at the UPU Congress. This Consultative Committee will include representatives of governments or postal regulators, postal operators, and private sector stakeholders who would participate in Council of Administration and Postal Operations Council activities. The Postal Service plays a leadership role in key UPU activities with the goal of improving postal security and the quality of international letter, parcel, and expedited mail services, as well as promoting standards, direct mail, and postal improvements in developing countries.

E. **PDF file from**  
[www.digistamp.com/epm/docsSave/letter%20to%20representatives.pdf](http://www.digistamp.com/epm/docsSave/letter%20to%20representatives.pdf)

RE: USPS Congressional Hearings

Rick Borger  
CEO, DigiStamp, Inc.  
105 Mill Valley West  
Colleyville, TX 76034

Washington, DC 20515

Dear Rep. :

Five years ago, I started a business, DigiStamp, to sell what I call an "e-TimeStamp."  
We've grown and added high tech jobs in north Texas.

Well, the Postal Service has decided my idea was on target—they've just introduced a direct competitor, which they call the "Electronic Postmark."

As you can imagine, I'm not too happy about this. On a level playing field, I could surely beat the USPS. *My product is clearly superior. But I don't have the implied legal standing and governmental backing of the USPS, not to mention their sales pitch of federal postal inspectors and special federal laws backing them.*

I understand that Congress is conducting hearings about such USPS behavior. *I'm glad Congress finds disturbing the USPS's new-found habit of entering directly into competition with private enterprise. I'd like to put my two cents in—well, considerably more than two cents; over the years, my team and I have invested years of our lives and our investor's money into building this market so you can imagine our concern.*

We are a successful company, and we pay taxes and create jobs in the US high-tech sector. It is important that companies investing in economic growth know that they will be allowed to compete fairly in the marketplace. We did file a formal complaint with the Postal Rate Commission.

Many other respected groups have expressed their deep concerns about the Postal Service's forays into electronic commerce. Do we really want technological innovation to be left to the USPS? Do we want the *investors and our best minds afraid to develop new business* for fear that the government will step in and take over?

Our story about competing with the USPS is located at our public web site here:  
<http://www.digistamp.com/usps.htm>

Let me add one thing: As if it weren't bad enough that the USPS is poaching on the entrepreneur's territory, you might want to know that they have done it in partnership with Microsoft, and Microsoft shrewdly set up the USPS product so that users must buy the latest version of Microsoft's expensive "Office" suite.

Do you really think that's right? *Bundling a USPS product with sales of Microsoft products?*

Thank you, again, for your advice.

February 27, 2004

F. **Screen Capture from**  
[www.upu.int/faq/en/upu\\_bodies/what\\_is\\_the\\_importance\\_of\\_the\\_universal\\_postal\\_congress.html](http://www.upu.int/faq/en/upu_bodies/what_is_the_importance_of_the_universal_postal_congress.html)

■ ■ **What is the importance of the Universal Postal Congress?**

The Universal Postal Congress is the supreme authority of the Union, bringing together plenipotentiaries of all member countries. It now meets every four years, instead of every five, following a decision by the 2004 Bucharest Congress.

One of the major accomplishments of Congresses held since the first Berne Congress in 1874 has been to allow member countries to develop new products and services and integrate them into the international postal network. In this way, services such as registered letters, postal money orders, international reply coupons, small packets, postal parcels and EMS have been made available to the great majority of the world's citizens.

Although Congress' main function is legislative, the recent tendency has been to delegate more regulatory power to the two UPU Councils, leaving it to focus more on broader strategic policy issues. Congress also elects the Director General and Deputy Director General, as well as the members of the Council of Administration and Postal Operations Council, and it sets the budget ceiling for the following four years.

## **VERIFICATION**

I, Adam Grossman, declare under penalty of perjury that the foregoing statement is true and correct to the best of my knowledge, information and belief.

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August 20, 2008